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World Production and Trade

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Weekly
Roundup

WR 39-84

Sept. 26, 1984

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

In the SOVIET UNION, the most recent harvest progress report stated that as of September 17, some 98.8 million hectares, or 87 percent, of the small grains and pulses area had been cut. This compares with 104.2 million hectares cut by Sept. 19, 1983, and 107.0 million by Sept. 20, 1982. The report stated that more than 50 percent of the area in four districts in West Siberia--Tomsk, Kemerovo, Novosibirsk and Krasnoyarsk--remained to be harvested. The corn area harvested for grain as of September 17 was given as 656,000 hectares, compared with 1.4 million hectares a year ago. USDA currently estimates the harvested area for small grains and pulses in the USSR this year at 115.7 million hectares and 4.3 million hectares of corn for grain.

SWITZERLAND's 1984/85 total grain crop is estimated at a record 939,000 tons, 12 percent higher than last year's harvest, and marginally above the previous record 1982/83 crop, according to the U.S. agricultural attache in Bern. Wheat production is estimated at a record 464,000 tons, 21 percent above last year and up 14 percent from the previous record harvest in 1982/83. Coarse grain production is forecast at 475,000 tons, 4 percent above last year, but 9 percent less than the record crop of 1982/83. Average yield for winter wheat was 6 percent higher than last year owing to improved local seed varieties and extremely favorable weather conditions.

OILSEEDS AND PRODUCTS

FISHMEAL EXPORTERS ORGANIZATION (FEO) COUNTRIES' cumulative output, exports and stocks all registered gains in the first seven months of 1984. However, the gain in fishmeal exports lags the gain in output as stocks build. In summary, the data below show fishmeal production, exports and stocks in January-July 1984 up 26 percent, 5 percent and 33 percent, respectively. Data are as follows in 1,000 tons:

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Country	Jan-Jul 1983			Jan-Jul 1984		
	Production	Exports	Ending Stocks	Production	Exports	Ending Stocks
Chile	445	302	281	492	212	394
Iceland	29	26	5	92	99	10
Norway	192	153	57	144	114	61
Peru	140	134	81	286	222	100
Total	<u>806</u>	<u>615</u>	<u>424</u>	<u>1,014</u>	<u>647</u>	<u>565</u>

In early September, fishmeal prices, basis Europe, at \$317 per ton, were 37 percent below the same month last year. Despite expanded supplies, the fishmeal/soybean meal price ratio increased to 1.89 in September compared to 1.85 in August and 1.69 a year ago.

DAIRY, LIVESTOCK AND POULTRY

Poultry meat production in TUNISIA is expected to total 45,000 tons in 1984, more than 10 percent above the depressed 1983 level, according to the U.S. agricultural trade officer in Tunis. Until 1983, Tunisian poultry meat production grew steadily as the government subsidized feed costs in order to stimulate the industry. That policy changed in late 1983 and the subsidies on corn and soybean meal were sharply reduced, causing a 30-percent increase in feed prices. The sharply higher feed costs forced many smaller poultry meat producers to quit the business and resulted in a 10-percent production decline in 1983.

In SINGAPORE, local importers estimate that 50-80 percent of lean prime cut Australian beef will be replaced by lower priced (as much as 25 percent cheaper) South American beef. In February, Singapore lifted restrictions on the import of beef from areas that have not been declared free of foot and mouth disease, thereby permitting imports of frozen boneless beef from many South American countries. Since February, nearly 1,000 tons of beef have been imported from Brazil, Argentina and Uruguay.

Australia exported about 7,500 tons of beef to Singapore in 1983 and 9,400 tons in 1982, accounting for roughly 65 and 70 percent, respectively, of Singapore's total beef imports during those years.

The United States exports only high-quality chilled beef to Singapore, amounting to about 700 tons in both 1982 and 1983. High-quality chilled beef imports are not expected to be affected by the increased beef imports from South America. Nevertheless, U.S. beef exports to Singapore totaled only about 250 tons from January through July of this year.

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JAPAN's Livestock Industry Promotion Corporation (LIPC) purchased 1,705 tons of grain-fed beef at its September 12 tender. The United States supplied 1,633 tons, while Australia provided 72 tons. This tender completed the General Quota allocated to LIPC for the first half of Japan fiscal year (JFY) 1984. Thus far this year, the United States has supplied 16,133 tons of the 16,608 tons of grain-fed beef purchased by LIPC; Australia provided 306 tons and Canada 115 tons. Purchases of grain-fed quality beef are expected to increase for the remainder of JFY 1984 as Japan has indicated it will import roughly 43,900 tons of grain-fed quality beef from the United States. Japan imported 37,000 tons of high-quality beef from the United States in 1983.

Overall EUROPEAN COMMUNITY (EC) beef production during the past decade has far outpaced consumption. As a result, in order to maintain producer prices, the EC has been forced to increase intervention purchases as well as to increase subsidized exports. EC exports increased over 200 percent from 1973 to 1983, while imports dropped by 64 percent. During this period, it moved from one of the most important importers of beef to the world's largest exporter.

EC beef intervention stocks are up dramatically, increasing over 15,000 tons in July to 338,728 tons. French intervention purchases have averaged more than 2,000 tons a week since April. The extension of intervention purchasing to include carcasses and hindquarters, begun in August, is expected to increase this rate to as much as 6,000-7,000 tons a week. In the United Kingdom, weekly purchases were close to 800 tons in the first week of August, compared with 360 tons in early June. Irish purchases increased from 400 tons a week in early June to 950 tons in early August. The latest surge in intervention purchases is likely a result of the recently enacted dairy quota system intended to reduce milk output. This scheme has encouraged dairymen to begin culling cattle at a higher than normal rate in order to meet their quotas, adding to the EC beef surplus. EC yearend stocks are currently forecast to reach a record level of 650,000 tons this year, compared with 553,000 tons in 1983 and 364,000 tons in 1982.

TOBACCO

CHINA has announced that its National Tobacco Corporation of China will do the following: Set prices of flue-cured and selected air/sun-cured tobacco, cigarettes and cigars, including those imported with or without customs duties; purchase, distribute and allocate the country's flue-cured and air/sun-cured tobacco, and control the varieties produced; organize production, allocation and sales of cigarettes, cigars and cut tobacco; set quotas on output value and quantity; regulate varieties and grades of manufactured products; issue licenses for inter-provincial transportation of cigarettes, cigars and flue-cured and selected air/sun-cured tobacco; control imports and exports of tobacco, cigarettes, cigarette paper, filters and aluminium foil paper; and negotiate licensing agreements and contracts with foreign suppliers.

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SUGAR AND SWEETENERS

Production of honey in 1984 in SELECTED COUNTRIES is forecast at 607,000 tons, 2 percent less than the revised 618,648 tons harvested in 1983. Production in North America is expected to decrease 6 percent, mostly as a result of a 13,000-ton decline in Mexico. Insect problems and adverse weather conditions in the main producing states of Mexico were blamed for the lower output. Canadian honey production for 1984 is forecast at 34,000 tons, about the same as last year. In South America, good weather conditions in Argentina and Brazil boosted production 9 percent to 33,000 and 27,000 tons, respectively.

The USSR, the world's largest honey producer, is expected to harvest 198,000 tons in 1984, slightly more than in 1983 as a result of increased colony numbers. Yields are expected to be down slightly due to adverse weather. Honey production has lagged in recent years because of a serious outbreak of varroa and shortages of apiary supplies for private beekeepers. However, recent measures have checked additional yield losses from the disease. Japanese output for 1984 is placed at 7,500 tons--up slightly from a year earlier despite a continued decline in the number of colonies. In West Germany, 1984 honey production is estimated at 18,000 tons, 1,000 less than last year. Australia is expecting production to reach 24,500 tons, 2 percent more than 1983.

Note: In contrast to past reports, the current honey report no longer encompasses world production, but does provide forecast production for 10 major honey producing/trading countries.

WOOD AND WOOD PRODUCTS

The value of U.S. wood product exports to MEXICO for the first seven months of 1984 totaled \$29.2 million, an increase of 22 percent from \$23.9 million for the same period in 1983. Data are as follows: logs and lumber quantities are in units of 1,000 board feet, while plywood is shown in units of 1,000 square feet.

U.S. Wood Product Exports to Mexico

Commodity	Jan.-July 1983	Jan.-July 1984	Ratio 84/83
Hardwood logs	264	959	3.63
Softwood lumber	30,937	44,788	1.45
Hardwood lumber	5,030	9,216	1.83
Softwood plywood	2,882	10,420	3.62

In recent years, Mexico has been the second largest U.S. wood products export market in the Western Hemisphere. In 1981, exports reached a high of \$98.5 million. This was followed by a steady decline through 1983, when exports totaled \$39.4 million. Recent developments indicate that despite the continued strength of the U.S. dollar over the Mexican peso, Mexican imports of wood products will show an overall improvement in 1984.

Selected International Prices

Item	: Sept. 25, 1984	: Change from	: A year
	:	: previous week	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			\$ per MT
Canadian No. 1 CWRS-13.5%.	186.00	5.06	-2.00
U.S. No. 2 DNS/NS: 14%....	169.00	4.60	-1.50
U.S. No. 2 S.R.W.	157.50	4.29	+3.75
U.S. No. 3 H.A.D.....	183.50	4.99	-4.50
Canadian No. 1 A: Durum...	203.50	5.54	-1.50
Feed grains:			
U.S. No. 3 Yellow Corn....	139.00	N.Q.	0
Soybeans and meal:			
U.S. No. 2 Yellow.....	237.00	6.45	-1.00
Brazil 47/48% SoyaPellets	177.00	--	+4.00
U.S. 44% Soybean Meal....	168.00	--	+3.00
U.S. FARM PRICES 3/			
Wheat.....	124.18	3.38	-.37
Barley.....	82.21	1.79	+.46
Corn.....	112.60	2.86	-3.94
Sorghum.....	95.90	4.35 6/	-3.96
Broilers 4/.....	1121.70	--	-46.74
EC IMPORT LEVIES			
Wheat 5/.....	45.60	1.24	-2.65
Barley.....	47.40	1.03	-.20
Corn.....	35.65	.91	-.45
Sorghum.....	58.15	1.48	-.90
Broilers 4/ 6/ 8/.....	165.00	--	+3.00
EC INTERVENTION PRICES 7/			
Common wheat(feed quality)	140.00	3.81	+2.30
Bread wheat (min. quality)7/	149.60	4.07	+2.45
Barley and all			
other feed grains.....	140.00	--	+2.30
Broilers 4/ 6/.....	1058.00	--	-27.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat	1.80	.05	-.40
Barley.....	15.95	.35	--
Broilers 4/ 6/ 8/.....	97.00	--	+2.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.000 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects exchange rate change and not level set by EC. N.Q.=Not quoted. N.A.=None authorized. Note: Basis October delivery.

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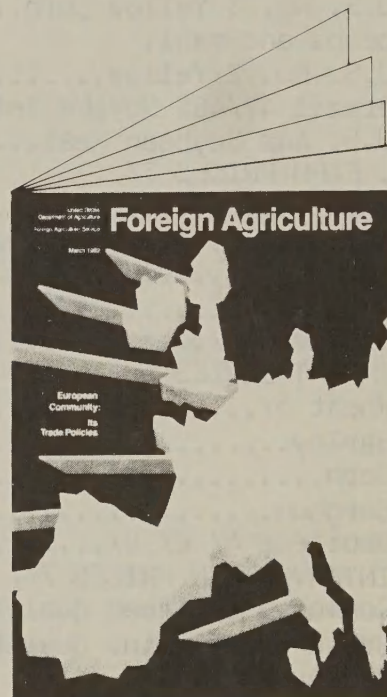
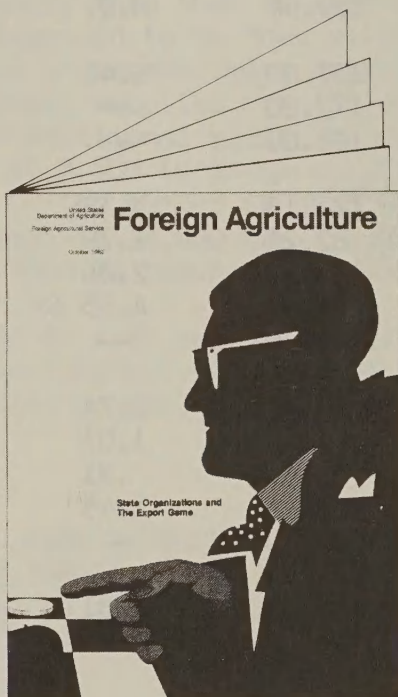
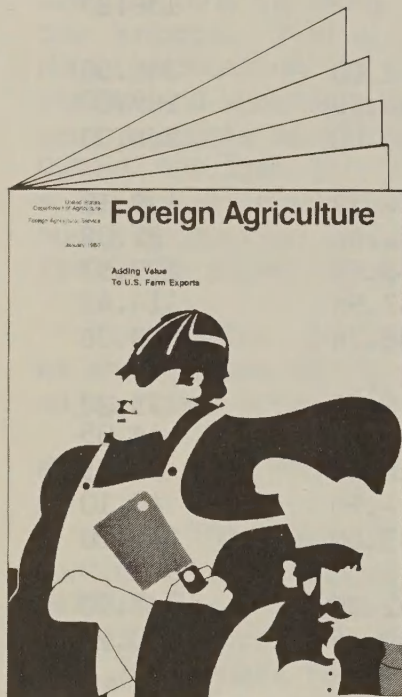
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